



LEADERSHIP MATTERS

A Levinson Institute White Paper

Succession Planning, Sonario[®], and the Next Generation of Leaders

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Succession planning is no longer optional. It cannot remain the exclusive domain of the personnel committees of **Fortune** 100 boards of directors. Succession planning must be a strategic priority. It is core. And it needs to be systematically conducted at all levels of every organization. Why must companies with employee numbers ranging from 200 to 200,000 take succession planning on? And why is the current downturn in the U.S. economy an excellent time to take it on?

- Industrial countries are facing an unprecedented challenge of a rapidly aging workforce. By 2020, 64 million people—40% of the U.S. workforce—will be ready to retire. The resulting talent gap will have a profound impact on the viability of almost every business and government enterprise. Competition for top talent will escalate and talent planning will be critical.
- Three million jobs in the U.S. remain unfilled today, even with the current rampant unemployment, due to the misalignment of skills in the workforce (**BusinessWeek**, May 11, 2009). Many promising employees two or three levels down within companies fail to show up on senior managers' radar screens because there is no process in place for identifying these employees' potential. These employees could be the senior managers of tomorrow; the opportunity costs are enormous.
- An equally pressing problem is the astronomical cost of employee turnover—especially executive talent. Companies pay headhunters and placement agencies hundreds of millions of dollars a year when they have to urgently hire new talent from the outside. And it can often take between six-to-nine months—or longer—for a new hire to get up to speed and take charge. This is clearly a blow to productivity at all levels in an organization. It is also a source of frustration for current employees who **could** have been developed for those positions... if they had been identified sooner.

Companies with effective internal development-and-retention mechanisms will have a definite strategic advantage. So, how can a company address talent issues positively and constructively—rather than reactively?

Any organization can make succession planning a strategic priority and a critical component of a comprehensive organizational and talent-pool-development system. And top management can begin by taking six steps to ensure successful succession planning.

1. Using sound organizational engineering principles, senior managers need to systematically define organizational structures and processes critical to fulfilling short-term and long-term strategies.
2. They need to determine the core requirements of each role in the current structure as well as in projected future structures. Roles defined by typical job descriptions often identify only a fraction of the capabilities required for success. Optimal selection decisions can be assured by rigorously defining—or redefining—roles.
3. Then, senior managers need to assess the capabilities of all existing organizational talent and all potential new recruits against the same rigorous criteria.
4. They need to identify people who have the **potential** to progress up the organization—now and in the future. They also need to assess the developmental requirements of these people so that they can be addressed now in order to ensure they qualify for future organizational roles.
5. There needs to be a systematic means for reliably developing each employee, both in his or her current role and in future roles. Dynamic coaching-and-mentoring relationships between experienced managers and their employees ensure that each employee will have the skilled knowledge, commitment, and appropriately mature behaviors to qualify for more complex roles, as his or her potential evolves.
6. Finally, organizations need an integrated, non-discriminatory talent-pool technology platform to identify the optimal pool of candidates during every role-filling decision. This will guarantee successful (and optimally diverse) outcomes for both planned transitions and unanticipated emergency vacancies.

Succession planning can dramatically improve an organization's near- and long-term business results. It provides better alignment between long-term strategic planning, year-to-year organizational planning, and ongoing talent planning. In effect, a company can be assured of having the right talent capable of doing the right tasks at the right time—all the time! There is much stronger morale and loyalty, and newer talent can be coached to lead later efforts. This generates greater productivity and greater talent retention. It also yields lower costs for talent acquisition, development, and retention.

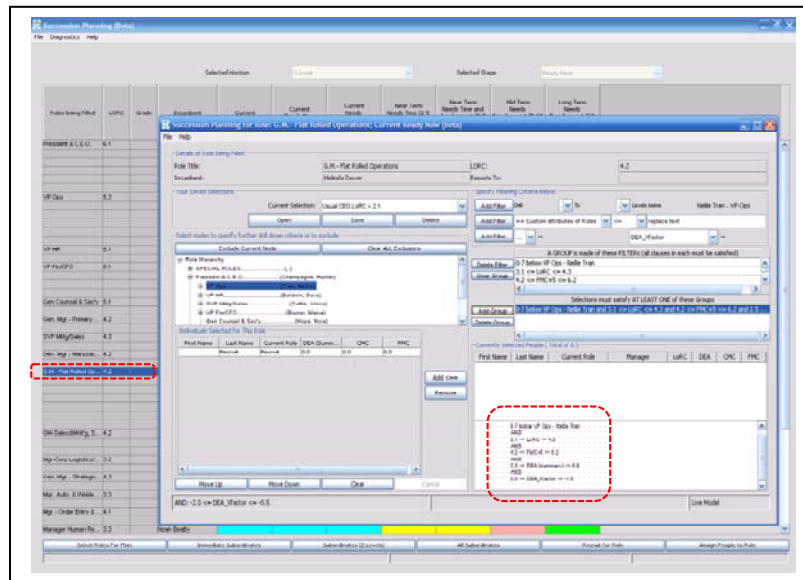
Unfortunately, most commercially available succession-planning technologies are cumbersome, nonspecific, and not particularly reliable. Their assessments focus on laundry lists of competencies that have not been corroborated against actual **demonstrated effectiveness** in a role. And none of these processes have a validated means for assessing an employee's current potential—and future potential—to work at various levels in an organization.

To fill this gap, The Levinson Institute, Inc., has developed Sonario[®] a revolutionary, integrated software system that helps executives and managers to more effectively lead their organizations.

Sonario[®] is unprecedented. It is based on over 50 years of scientific research about the nature of role complexity and human potential. In fact, the U.S. Army Research Institute has validated the Strategic Organization methodology (that Sonario[®] employs) for assessing employees' current potential and future potential. Sonario[®] ensures accurate, internally consistent appraisal of employee potential (current and future), as well as employee demonstrated effectiveness. Sonario[®] also guides managers through a reliable **capability gap analysis** in order to give employees constructive feedback and create ambitious development plans. Of equal importance, the Sonario[®] methodology for assisting managers in assessing both the innate potential and demonstrated effectiveness of their employees significantly reduces the emergence of personal bias and discrimination.

Over the past 20 years, The Levinson Institute has developed a unique and powerful set of management-consulting services, including its innovative Sonario[®] Strategic Organization software system, helping scores of business organizations and federal government agencies to improve their productivity, profitability, and ability to accountably deliver strategy. The Levinson Institute, widely acclaimed for leadership development, is now one of the foremost authorities in developing world-class leadership systems in companies around the world.

To receive more information on the future of succession planning and a demonstration of the Sonario[®] software system, please contact me, Dr. Gerry Kraines, at (603) 532-4700 or gkraines@levinsoninst.com.



Sonario[®]—Identifying Near-, Mid-, and Long-Term Successors